

CALIFORNIA NEIGHBORHOODS

SUMMER / FALL 2004



CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT



*Lucetta Dunn, Director
of the California
Department of Housing
and Community
Development*

Message from the Director

Our State continues to face a severe shortage of homes for all income levels. We are growing, not primarily from immigration as many think, but from our residents having families of their own. We are simply not building enough housing to meet the needs of these and new growing families.

Many of us are still struggling to find housing we can afford, especially housing near our work that allows us the time to actively participate in family and community life.

I am passionate about helping all our State's communities address this serious issue. The homebuilding business community has many of its own housing concerns, and know from first-hand experience the difficulties builders face in building homes—from the most affordable to the most expensive—as well as the environmental and regulatory challenges that must be met before one family can experience its dream of a home, either owned or rented.

At HCD our goal is to achieve an adequate housing supply for all, to sustain our economic prosperity, and do this by using good planning principles that protect and improve our quality of life. Tools available to us in this endeavor include State oversight and assistance to local governments in planning for housing and unprecedented resources: Proposition 46, the \$2.1 billion voter approved housing bond, the largest in the nation. HCD is expediting the flow of these bond funds to nonprofit and for profit developers and local governments across the State through 2007.

Production of both rental and owner housing funded by the bond is underway; over 130,000 housing units are anticipated to be built across the State under this program. Funds can be used to build rental housing affordable to our workforce, the elderly, disabled and those transitioning out of homelessness, as well as for first-time homebuyer assistance and housing rehabilitation to allow lower income families to remain in their homes.

But State resources and focus alone can't turn the housing crisis around. Housing happens locally. It's important for our residents to re-examine their thinking and support new housing development in their communities instead of opposing it. I know first-hand that the hardest thing for a homebuilder to do is try to get someone who already has a home to support the construction of more homes next door.

But, given the natural growth of our population, your children, this is absolutely essential. Opposition and delays in providing housing increase the cost and cause our families to double and triple up to buy or live in one house, or live farther and farther away from their jobs with no time to serve or care about their communities. And, higher housing prices keep quality businesses and jobs away. Your support for housing in your neighborhood can make a difference. Together, we can make California develop in ways that complement and complete our beautiful existing neighborhoods.

HCD Welcomes Director Lucetta Dunn

Lucetta Dunn was appointed by Governor Arnold Schwarzenegger as Director of the California Department of Housing and Community Development in Sacramento on June 1, 2004. The Department is the State's principal housing agency with expertise in providing affordable housing opportunities including shelters for the homeless through its policies and programs. Dunn has worked in the homebuilding industry since 1987, also serving as vice-president of the California Building Industry Association and a director of the National Association of Homebuilders. She is also a lawyer having been both in private practice as well as general counsel for a homebuilding company. In the private sector, she served on numerous non-profit boards and commissions including the Building Industry Legal Defense Foundation, Hispanic Chamber of Commerce, the Huntington Beach Chamber of Commerce, and the Bolsa Chica Conservancy advocating housing issues.



HCD Awards Funds to Build 1,900 Affordable Apartment Homes for 5,200 Individuals and Families and 3,350 Daily Shelter Beds for California's Homeless



The affordable housing built today will blend well with market rate housing of tomorrow; and, allows families to live near where they work and where they shop.



Director Dunn introduces Cissy Fisher, Director – Housing Finance & Development Department, San Diego Housing Commission to attendees.



Jim Schmid, President and Chief Executive Officer, CHELSEA Investment Corporation, addresses the participants.

More than \$148 million for housing development across the state was awarded June 30, 2004 to help meet California families' urgent affordable housing needs at a media event held in San Diego. The funds also boosted the local economies in 32 counties by kick-starting the housing construction process.

The awards will increase the supply of housing for California's workers and their families.

These awards include over \$105 million to build nearly 1,900 units of affordable rental housing for lower income workers, the disabled, elderly and farm workers. Another \$38.7 million will add over 3,350 beds for the homeless and those transitioning out of homelessness, over \$4 million will fund new, affordable homeownership opportunities.

State housing agencies are expediting the award of funds provided by Proposition 46, the housing bond approved by the voters in November 2002, in order to expedite the building of these much-needed homes. Since the passage of the bond, the State has awarded over \$635 million to create high-quality, and affordable rental or owner homes and shelter for more than 48,000 families.

HCD intends to keep up the pace

Awards were made through the following HCD programs:

- \$93.2 million announced are for the streamlined and successful Multifamily Housing Program (MHP) which provides funding for affordable rental housing for working families, the elderly and disabled and other special needs populations. Eligible costs include developing the housing units, and space for child care, after school care and social services facilities linked to the assisted housing unit. Applicants are local public entities, for profit and non-profit corporations, limited housing cooperatives, Indian reservations and rancherias and limited partnerships. Over 1,500 rental units will be produced.

- \$12.4 million through the Joe Serna, Jr. Farmworker Housing Grant Program for loans and grants for construction, rehabilitation, and acquisition of



(L-R) Director Lucetta Dunn; David Siegler, Vice President and Chief Financial Officer and Al Pavich, President and Chief Executive Officer of the Vietnam Veterans of San Diego; Judy Case-Di Pasquale, Executive Director, YWCA of San Diego County; Jim Schmid, CHELSEA Investment Corporation; and, Cissy Fisher, San Diego Housing Commission.

affordable rental units for farm workers and their families. These funds will provide over 400 housing units for farm workers and their families. Funded activities include land acquisition, site development, construction and rehabilitation. Applicants are local public entities, nonprofit corporations and limited partnerships.

- \$38.7 million for the Emergency Housing and Assistance Program Capital Development (EHAP-CD) funds which are available to urban and non-urban counties to create emergency shelters and transitional housing with supportive services for homeless individuals and families. Local government agencies and non-profit corporations that shelter the homeless on an emergency or transitional basis, and provide support services are eligible applicants.

- \$3.5 million through the CalHOME Building Equity and Growth in Neighborhoods Program (BEGIN), which makes grants to cities and counties that have reduced regulatory barriers to the construction of new, affordable ownership housing. These barriers can include such constraints as minimum lot or floor area sizes that make housing more expensive. The grants are used by cities and counties to make down payment assistance loans to low- and moderate-income first-time buyers of homes in BEGIN projects.

- \$680,000 for the CalHOME Self Help Program, that provides funding to organizations that help homeowners and their neighbors construct their own homes to bring the cost of homeownership within their reach.

Myths and Facts: Debunking the Affordable and High Density Housing Myths

When people argue against new high-density and affordable housing, often myths are used to convince decision-makers that the new development and its residents don't belong there. Fortunately, the facts of California's recent experience with its compact housing development often contradicts the myths.

Editor's Note: *The California Neighborhoods* is proud to feature a "myth and fact" column in this and upcoming editions. The following are excerpts from a report by the California Planning Roundtable and the California Department of Housing and Community Development.

Myth #1: High-density housing is affordable housing; affordable housing is high-density housing.

Fact #1: Not all high density housing is affordable to low-income families.

This myth expresses an essential truth: more units per acre mean lower land costs per unit, especially if local governments allow builders meaningful density bonuses; smaller units costs less to build than larger ones. To encourage housing affordability, California cities do need to promote higher densities.

But we also know from experience and observation that not all high-density housing is affordable to low-income families. San Francisco's Nob and Telegraph Hills, Los Angeles' Wilshire Corridor, and high-rises in downtown San Diego are all examples of upper-income areas where housing densities are quite high. Similarly, most Californians know that low-density neighborhoods often accommodate people of modest means. The residents of these neighborhoods often moved in shortly after the homes were built (several decades ago) – and before the huge escalation in California's home values that began in the early 1970's. With assistance, many families with limited incomes will continue to buy homes in these neighborhoods. Many other low-income households will continue to rent single-family homes because they offer more space in low-density neighborhoods.

For the most part, of course, low-density neighborhoods offer more expensive housing than high-density areas. Detached homes cost much more than most apartments and condominiums. Among new units, the difference is even more striking; new high-density units are much more likely to be affordable than new single-family units.

Density is not always enough, however. To ensure affordability, local governments must intervene with programs and additional concessions if the new high-density units are also to be affordable.

HCD Announces Additional Awards: 2,400 homeless individuals in 22 counties receive daily shelter

The California Department of Housing and Community Development Director Lucetta Dunn, announced awards on September 23, 2004 of more than \$16.7 million of Federal Emergency Shelter Grant and Emergency Housing Assistance Capitol Development program funds to support more than 2,400 homeless individuals on a daily basis in 22 counties throughout the state. Also included in this award were funds through HCD's Multifamily Housing Program – Supportive Housing Component which will fund 123 housing units for persons that are disabled, homeless, or at-risk of becoming homeless.

For a complete list of recipients and award amounts by county refer to HCD's website at www.hcd.ca.gov.

\$95 Million Carrots

By Margaret Murphy, Policy Analyst
Division of Housing Policy Development



Valley View Park in the City of Oakdale, California, Partial funding from the HCD Jobs Housing Balance Program

Local Governments Rewarded With Community Amenity Funding

Two new State grant programs, the Jobs Housing Balance Incentive Grant and the Workforce Housing Reward Grant, apply a “big carrot” approach to address critical housing needs. Both the innovative Jobs Housing Balance (JHB) program and the new Workforce Housing Grant Program (WFH) were designed to improve jobs/housing imbalances by rewarding local governments throughout the state for increasing the supply of housing. Unique among the Department’s grants, the JHB/WFH award process is noncompetitive and all eligible applicants will be funded.

The Jobs Housing Balance Incentive grant program was funded through Proposition 46, the Housing and Emergency Shelter Trust Fund Act of 2002 at \$25 million. Local governments were eligible for a per-unit grant award based on increasing 2001 housing production by at least 112 percent over the prior three year average. A total of 104 JHB grants (88 cities and 16 counties) were awarded in 2003; funded projects will be completed by 2006.

Successful applicants could use Jobs Housing Balance Incentive grants for ANY local capital asset project. Local governments are using JHB funds to acquire and construct public facilities, infrastructure and park improvements, and accessibility projects for people with disabilities. JHB awards ranged from a high of \$3.3 million for the City of Los Angeles with the entire amount dedicated to affordable housing projects, to \$1,000 for Inyo County.

The innovative Jobs/Housing Balance Program is the first of its kind in the country to reward communities who plan for housing to meet the needs of their workforce and deliver on those plans by allowing development to occur where it is most needed.

JHB grant projects improve the quality of life for residents and help make communities throughout the State more vibrant and livable. For example, Sacramento County will use JHB funding to complete the adaptive reuse of the historically significant Old Florin School. The City of Sacramento will fund “R” Street Corridor infrastructure. San Luis Obispo County recently completed a combined street improvement and economic development JHB project. According to Dana Lilley from the County Planning and Building Department, “the historic street lights installed along Tefft Street improve the visual attractiveness and pedestrian safety of this important commercial corridor of historic old Nipomo.”

A listing of JHB awards is available at:
http://www.hcd.ca.gov/ca/jhbig/jhbawards10_27.pdf



New Hanford Coe Park in the City of Hanford, California



New Equipment – addition of swings with four swing bays, 2 of the 4 swings will be replaced with toddler swings in the City of Kingsford, California

The successor to the Jobs Housing Balance Incentive Program, the Workforce Housing Reward Grant Program (WFH) is also funded by Proposition 46 for \$70 million. The WFH program rewards cities and counties for approval of new affordable workforce housing. The program provides grants for capital asset projects to eligible applicants that approve rental and ownership developments affordable to very low and low income households during the calendar year. WFH funding will continue over the next three years.

Introductory workshops on the WFH, co-sponsored by the Association of Bay Area Governments, the San Diego Association of Governments, Fresno Council of Governments, and the Cities of West Sacramento, Los Angeles and Redding, have recently been completed. The WFH application will be available in December 2004 with an application deadline of March 2005. WFH awards are anticipated to be announced in the spring of 2005.

The WFH grants will be calculated based on the number of bedrooms in approved and permitted affordable developments (\$2,000 per bedroom for very low income units and \$1,500 per bedroom for low income units). Bonuses are also available under WFH for existing JHB grantees (\$500 per bedroom for lower income units) and for jurisdictions that meet a specified percentage of their regional housing need (\$150 per bedroom for very low income and \$100 per bedroom for low income).

Local government applicants must meet the following WFH threshold requirements:

- 1) Have an adopted housing element found in compliance by HCD (by Dec. 31, 2004).
- 2) Submittal to HCD of the annual general plan progress report on implementation of the housing element (by Dec. 31, 2004).
- 3) Documentation of final land use approvals and building permits for housing developments affordable to very low and/or low income households (Jan. through Dec. 2004).

The Department has increased technical assistance activities to assist local governments meet the housing element compliance requirement. The Program Guidelines, Notice of Funding Availability, a WFH PowerPoint presentation, and additional information on the Workforce Housing Program, are available on HCD's website: <http://www.hcd.ca.gov/ca/whrp/>.

If localities have any questions, they should contact the appropriate area representative as listed on the web site.

An example of an eligible Workforce Housing Development with sample award calculations

How to Calculate a Workforce Housing Reward Grant:

119 Mixed Income Apartment Project
Final Land Use Approval &
Building Permit Issued

24 Very Low Income (VLI) Households
4 studios (counted as a one-bedroom unit)
14 one-bedroom
6 two-bedroom

25 Low Income (LI) Households
5 studios (counted as a one-bedroom unit)
14 one-bedroom
6 two-bedroom



18 VLI Units x 1 Bdrms x \$2,000/Bdrm = \$36,000
6 VLI Units x 2 Bdrms x \$2,000/Bdrm = \$24,000
Subtotal **\$60,000**

19 LI Units x 1 Bdrms x \$1,500/Bdrm = \$28,500
6 LI Units x 2 Bdrms x \$1,500/Bdrm = \$18,000
Subtotal **\$46,500**

WFH Base Award = **\$106,500**

JHB Bonus (61 Bdrms x \$500) = **\$30,500**

RHNA Bonus VLI (30 Bdrms x 150) = \$4,650

RHNA Bonus LI (31 Bdrms x 100) = \$3,100

= **\$ 7,750**

TOTAL AWARD = \$144,750

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